

**National Committee to
Preserve
Social Security
and Medicare**

June 24, 2003

Barbara B. Kennelly United States House of Representatives
President & Washington D.C. 20515
Chief Executive Officer

Dear Representative:

On behalf of the millions of members and supporters of the National Committee to Preserve Social Security and Medicare, I write to urge you to vote no on H.R. 1, "The Prescription Drug and Medicare Modernization Act of 2003." It is critical that a substantial and affordable Medicare prescription drug bill be enacted into law this year. H.R.1 does not meet this test. The legislation adds burdensome new deductibles and co-payments to traditional Medicare, even for those who do not opt for the voluntary drug benefit. The bill would undermine the social insurance nature of Medicare, which ensures that all who contribute will be entitled to the same basic standard of coverage.

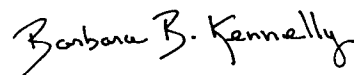
We are strongly opposed to provisions in the House legislation that would require Medicare to compete against private plans, based on price, beginning in 2010. This requirement would transform Medicare from a defined benefit to a defined contribution program and ultimately result in the dismantling of Medicare as a universal entitlement. Because, private Medicare plans tend to aggressively recruit younger, healthier seniors, open competition will mean rising out-of-pocket costs for the vast majority who would choose the stable benefits and premiums of traditional Medicare. The result of open competition will be the transformation of today's universal, national risk pool into a multitude of regional pools segmented by age, income, residence and health status. This provision must be eliminated.

Secondly, Medicare reform must not include means testing. Relying on income levels to determine access to Medicare benefits would severely undermine Medicare's universal nature and fairness. For the first time, Medicare would be required to assume the administrative burden of collecting income data, raising issues of privacy and efficiency. While the provision raises relatively little revenue, it opens the door to future benefit cuts for those who have paid the most into the program since 1993. Since the Medicare payroll tax is no longer capped, means testing Medicare benefits would clearly undercut public support for the program.

Finally, the gap in drug coverage must be closed. Most seniors cannot afford to pay 100 percent of their drug costs between \$2,000 and \$4,900. This gap in coverage, plus the \$250 deductible and "average" monthly payments of \$35 makes the plan either too expensive or not cost effective for most seniors.

Any changes in Medicare must not alter the fundamental social insurance principle that has made Medicare such a popular and effective program. The National Committee has long advocated a drug benefit that is guaranteed but voluntary, affordable but comprehensive, and available to all Medicare beneficiaries regardless of income or place of residence.

Cordially,



Barbara B. Kennelly
President and CEO